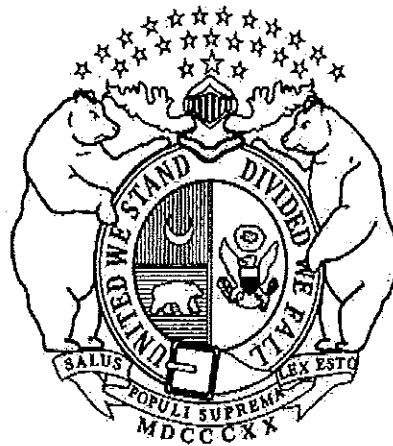


**2009**

**ANNUAL REPORT**



**MISSOURI AGRICULTURAL  
AND  
SMALL BUSINESS  
DEVELOPMENT AUTHORITY**

# **ANNUAL REPORT OF THE MISSOURI AGRICULTURAL AND SMALL BUSINESS DEVELOPMENT AUTHORITY**

## **EXECUTIVE SUMMARY**

The Missouri Agricultural and Small Business Development Authority (MASBDA) was created by the Missouri General Assembly in 1981 as an independent political and corporate body of the state of Missouri (RSMo 348). Its purpose is to promote the development of agriculture and small business and to reduce, control, and prevent environmental damage in Missouri by providing additional sources of financing at interest rates that are below conventional rates. The authority accomplishes this by issuing agricultural development bonds, tax-exempt small issue bonds, guarantees on loans to livestock producers and direct loans for animal waste treatment systems. Additionally, the authority administers a grant program and tax credit programs related to new generation cooperatives and value-added agricultural projects, breeding livestock, and increased beef production.

MASBDA is governed by a bipartisan commission whose seven members are appointed by the governor with the consent of the Senate. The director of the Department of Agriculture also serves as an ex-officio member. Members serve a five-year term or until a reappointment is made. Members may be reappointed, but can serve no more than two consecutive full terms. No more than four members may be of the same political party. Commission members approve all bond issues, loans, loan guarantees, grants, and tax credits. Business is conducted through monthly board meetings or conference calls. Special meetings are held as needed.

The commissioners elect their own officers and have the authority to appoint staff. Jeff Case serves as chairman, and Brooks Hurst as vice-chairman, and Tony Stafford is currently serving as secretary and executive director.

Senate Bill 931 authorized three (3) new programs effective 8/28/08

### **Dairy Business Planning Grant:**

This program provides Missouri dairies an opportunity to expand by providing business planning grants to aid them in determining the feasibility of the planned expansion. The grants provide up to 90% of the cost of the business plan, and the maximum grant is \$5,000.

### **Dairy Cow Loan Program:**

The goal of the Dairy Cow Loan Program is to facilitate the expansion of Missouri dairy operations by paying the first year's interest on any Missouri linked deposit loans made for the purchase of dairy cows or other replacement dairy females.

### **Livestock Feed and Crop Input Loan Guarantee Program:**

This program provides a 50% first loss guarantee on loans made for livestock feed or crop inputs

used to produce livestock feed thus encouraging lenders to continue to make loans to farmers for livestock feed and feed crops on competitive terms.

These three programs have not been funded.

The United States 2008 Farm Bill increased the maximum loan amount eligible for the Beginning Farmer Loan Program from \$250,000 to \$469,200. This has been a very much needed increase that the board has been excited to pass on to those looking for first time financing.

## **PROGRAM SUMMARY**

Following is a description of activities for the various programs offered by the authority.

### **Beginning Farmer Loan Program**

Beginning farmers can receive loans from commercial lenders on an average of 20 to 30 percent below conventional rates through this program. The reduced rates are made possible by tax-exempt bonds issued by MASBDA and sold to commercial lenders. Lenders, in turn, pass the savings derived from the tax-exempt bonds to beginning farmers in the form of lower interest rates. Bonds issued by the authority, including those used to fund beginning farmer loans, do not constitute a debt, liability or obligation of the state or of any political subdivision, but are payable solely from the authority's revenues or assets. The State of Missouri is not obligated to pay debt service on any bonds issued, and neither the faith and credit nor the taxing power of the State of Missouri is pledged to the payment of principal, redemption premium and interest on the bonds or other financing instruments. A qualified beginning farmer can borrow up to \$469,200 to buy agricultural land, farm buildings, farm equipment and breeding livestock. More than \$33 million in beginning farmer loans have been approved by MASBDA since its inception. During this past year, \$1,526,750 in tax-exempt bonds was issued.

### **Animal Waste Treatment System Loan Program**

Livestock producers are able to secure direct loans from MASBDA for animal waste treatment systems. Loans can be made for up to 10 years at fixed interest rates that are below conventional interest rates (currently at 5.9%). Loan proceeds may generally be used for financing waste facilities and equipment required by the Department of Natural Resources, as identified in its Letter of Approval for Operation. A total of \$10 million has been set aside for the Animal Waste Treatment System Loan Program. Loans for \$1,989,655.12 were made in this fiscal year.

### **Single-Purpose Animal Facilities Loan Guarantee Program**

The Single-Purpose Animal Facilities Loan Guarantee Program is designed to provide banks and other lenders with a 50 percent first-loss guarantee on loans of up to \$250,000 for up to 10 years. Independent livestock producers may use the loans to finance breeding or feeder livestock, land, buildings, facilities, equipment, machinery and animal waste treatment systems for producing poultry, swine, beef and dairy cattle or other livestock. Borrowers who qualify for the guaranteed livestock loan may also qualify for a reduced interest loan through the Missouri Linked Deposit Program administered by the state treasurer's office. One loan totaling \$250,000 was guaranteed this fiscal year on a project totaling \$562,850.

### **Missouri Value-Added Grant Program**

The further processing of Missouri's agricultural products holds hope for the sustainability and profitability of many of Missouri's farmers. The Missouri Value-Added Grant Program is intended to help producers fund feasibility studies, business plans, marketing plans and similar activities for projects that add value to agricultural products and will positively impact a rural Missouri community.

Twenty-two grants were awarded this fiscal year totaling \$2,039,376.

## **Missouri Value-Added Loan Guarantee Program**

Modeled after the Single-Purpose Animal Facilities Loan Guarantee Program, the Missouri Value-Added Loan Guarantee Program provides up to a 50% first-loss guarantee on loans not to exceed \$250,000 that lenders make for the purpose of an agricultural business development loan. The maximum guarantee is 10 years.

The program is intended to create new economic activity by creating or retaining jobs. Loans guaranteed by the value-added loan guarantee program can be used to finance agricultural property, which includes land, buildings, structures, improvements, and equipment used for the purpose of processing, manufacturing, marketing, exporting or adding value to an agricultural product. Loans may also be guaranteed to buy stock in a start-up cooperative that processes an agricultural product. Borrowers qualifying for a guarantee through the Missouri Value-Added Loan Guarantee Program may also qualify for a reduced interest loan through the Missouri Linked Deposit Program administered by the state treasurer's office. Four loans totaling \$107,187 were guaranteed this fiscal year on projects totaling \$122,000.

## **New Generation Cooperative Incentive Tax Credit**

The purpose of this new tax credit is to induce private investment in new generation cooperatives, which will process Missouri agricultural commodities and agricultural products into value-added goods, provide substantial benefit to Missouri's agricultural producers, and create jobs for Missourians.

Members investing in an eligible new generation cooperative may receive state tax credits equal to the lesser of 50% of the member's cash investment in the new generation cooperative, or \$15,000; members investing in a project may not receive tax credits totaling more than \$1,500,000. Except that members investing in an "Employee Qualified" project may not receive tax credits totaling more than \$3,000,000. In fiscal year 2009, 919 producer members investing \$29,129,000 in eligible new generation cooperatives received \$6,000,000 in New Generation Cooperative Incentive Tax Credits.

Tax credits may be claimed against state tax liability pursuant to Chapter 143 (income tax, except for sections 143.191 to 143.265, RSMo); Chapter 147 (corporation franchise tax); and Chapter 148 (financial institution tax). The tax credits may be used by their owner to offset eligible quarterly tax liabilities. Credits may be carried back to satisfy the state tax liability that was due during each of the three previous taxable years, and may be carried forward to any of the subsequent five tax years after the investment is made. The tax credits may be transferred, sold, or assigned. Delinquent taxes, or interest and penalties on such taxes will be deducted from the eligible tax credit amount prior to issuance.

## **Agricultural Product Utilization Contributor Tax Credit**

The authority may provide Agricultural Product Utilization Contributor Tax Credits to a person, partnership, corporation, trust, limited liability company, or other entity who contributes cash to the authority. The contribution will be used for financial or technical assistance to rural agricultural business concepts as approved by the authority. These tax credits are awarded at the approval of the authority based on the least amount of credits necessary to provide incentive for the contributions.

The contributor receiving a tax credit cannot be a member, owner, investor, or lender of an eligible new generation cooperative that receives financial assistance from the authority at the time the contribution is made or an eligible new generation cooperative that receives financial assistance for a period of two years after the contribution is made.

Tax credits may be claimed against state tax liability pursuant to Chapter 143 (income tax, except for sections 143.191 to 143.265, RSMo); Chapter 147 (corporation franchise tax); and Chapter 148 (financial institution tax). The tax credits may be used by their owner to offset eligible quarterly tax liabilities. Credits may be carried back three taxable years and forward for up to five years. Credits may be assigned, transferred or sold.

### **Missouri Rural Economic Stimulus Act “MoRESA”**

The Missouri Downtown and Rural Economic Stimulus Act provides a State Rural Development Financing Program that permits municipalities with qualifying projects to request that specified net new state tax revenues be used to supplement local revenues for payment of development project costs. The revenues available under that State Rural Development Financing Program are required to be used; to supplement payments in lieu of taxes, economic activity taxes, and other local funds committed by the municipality.

### **Eligible Facility Borrower Program**

This program determines eligibility for the Missouri Linked Deposit Program as an “Eligible facility borrower”, which is either a development facility or renewal fuel production facility borrower consisting of not less than twelve producer members in which producer members:

1. Hold a majority of the governance or voting rights of the entity and any governing committees;
2. Control the hiring and firing of management; and
3. Deliver agricultural commodities or products to the entity for processing, unless processing is required by multiple entities;

### **Family Farm Breeding Livestock Loan Program**

The program provides Missouri tax credits to lenders in lieu of the first year interest being paid on breeding livestock loans made to “small farmers” who are Missouri residents and who have less than \$250,000 in gross agricultural product sales per year.

Maximum eligible loan cannot exceed 90% of the cost of purchasing breeding livestock. Each small farmer shall be eligible for only one family farm livestock loan per immediate household family and only one type of livestock. Sixty-two farmers have taken advantage of this program this fiscal year, with a total of \$135,281.03 in tax credits being issued.

Tax credits may be claimed against state tax liability pursuant to Chapter 143 (income tax, except for sections 143.191 to 143.265, RSMo); Chapter 147 (corporation franchise tax); and Chapter 148 (financial institution tax). The tax credits may be used by their owner to offset eligible quarterly tax liabilities. Credits may be carried forward for up to three years. Credits may be assigned, transferred or sold.

## **Qualified Beef Tax Credit Program**

The program provides an incentive for Missouri Farmers to background and/or finish cattle in the state by providing a 10¢ per pound tax credit for each pound cattle gain past an established baseline weight, with a minimum gain of an additional 200 lbs each. All cattle must be born and raised in the state of Missouri to receive the tax credit.

Tax credits may be claimed against state tax liability pursuant to Chapter 143 (income tax, except for sections 143.191 to 143.265, RSMo); Chapter 147 (corporation franchise tax). Credits may be carried back three taxable years and forward for up to five years. Credits may be assigned, transferred or sold.

## **Board of Commissioners**

Jeff Case, Chairman  
Edina, Missouri  
Term expires: June 30, 2009

Brooks Hurst, Vice-Chairman  
Tarkio, Missouri  
Term expires: June 30, 2010

Gordon V. Spilker, Member  
Hannibal, Missouri  
Term expires: June 30, 2009

Sherry S. Jones, Member  
Dawn, Missouri  
Term expires: June 30, 2011

Rosanne Hayes, Member  
Monroe City, Missouri  
Term expires: June 30, 2010

Kelly Foreck, Member  
Jefferson City, Missouri  
Term expires: June 30, 2011

Phil Howerton, Member  
Chilhowee, Missouri  
Term expires: June 30, 2008

Dr. Jon Hagler, Ex-Officio Member  
Jefferson City, Missouri  
Statutory member

## **Staff**

Tony Stafford, Secretary  
Executive Director

Emma Hohenberger  
Program Manager

Jamie Rogers  
Agricultural Loan Officer

Marla Young  
Planner

Stan Cook  
Agricultural Loan Officer

Wanda Ferrell  
Senior Office Support Assistant

Amy L. Steinman  
Accountant

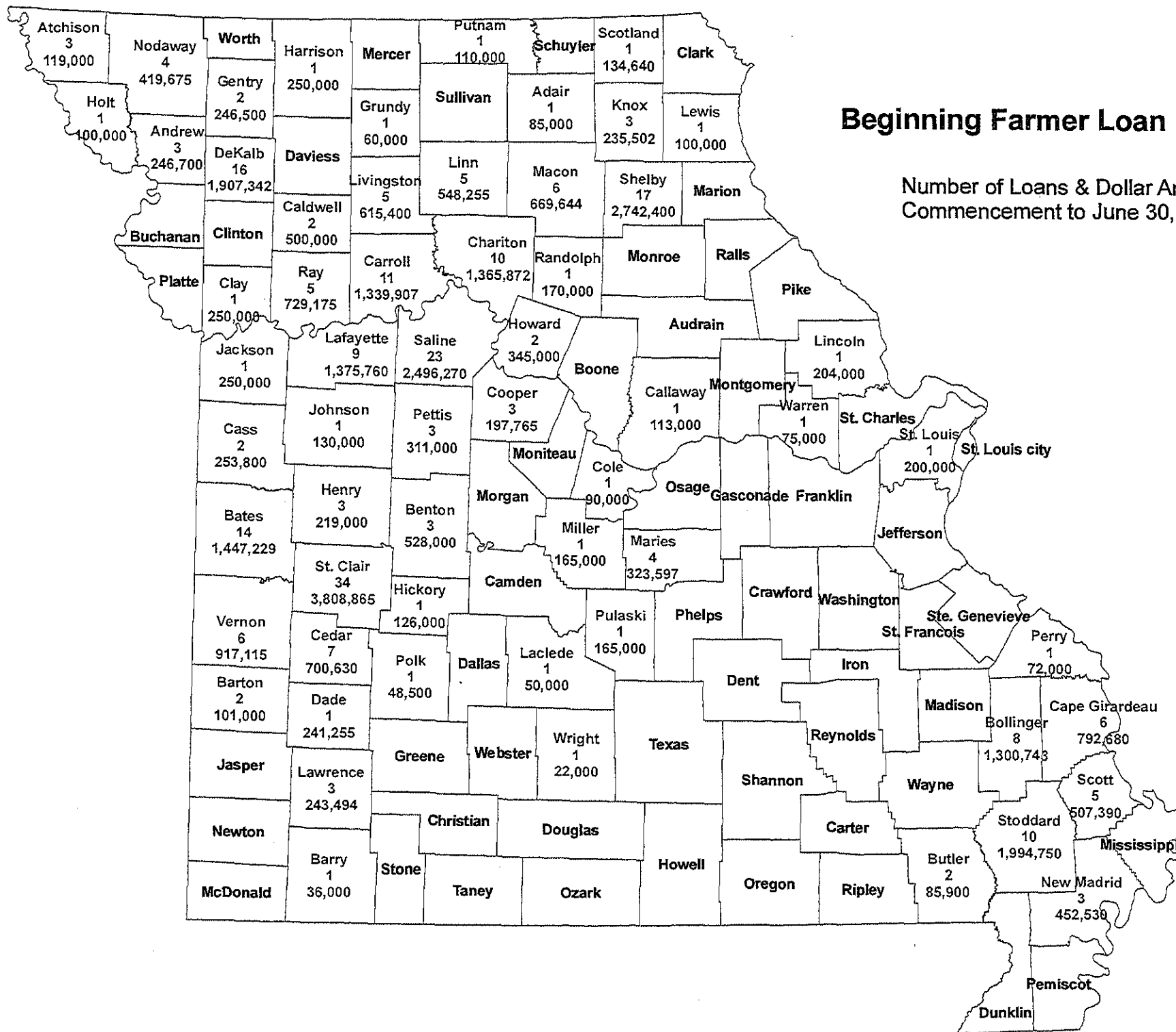
# BEGINNING FARMER LOAN PROGRAM

## Tax-exempt Bond Financing

July 1, 2008 - June 30, 2009

Project Number	Loan Amount	Issue Date	Maturity Date	County
321	\$200,000.00	8/21/2008	8/21/2033	Stoddard
322	\$149,750.00	7/21/2008	7/21/2038	St. Clair
323	\$353,000.00	8/21/2008	8/21/2028	Bollinger
324	\$115,000.00	12/12/2008	1/1/2039	Bates
327	\$165,000.00	2/27/2009	2/27/2016	St. Clair
330	\$75,000.00	4/1/2009	4/2/2039	St. Clair
331	\$469,000.00	5/1/2009	12/31/2038	Shelby
<hr/>				
Total:	\$1,526,750.00			





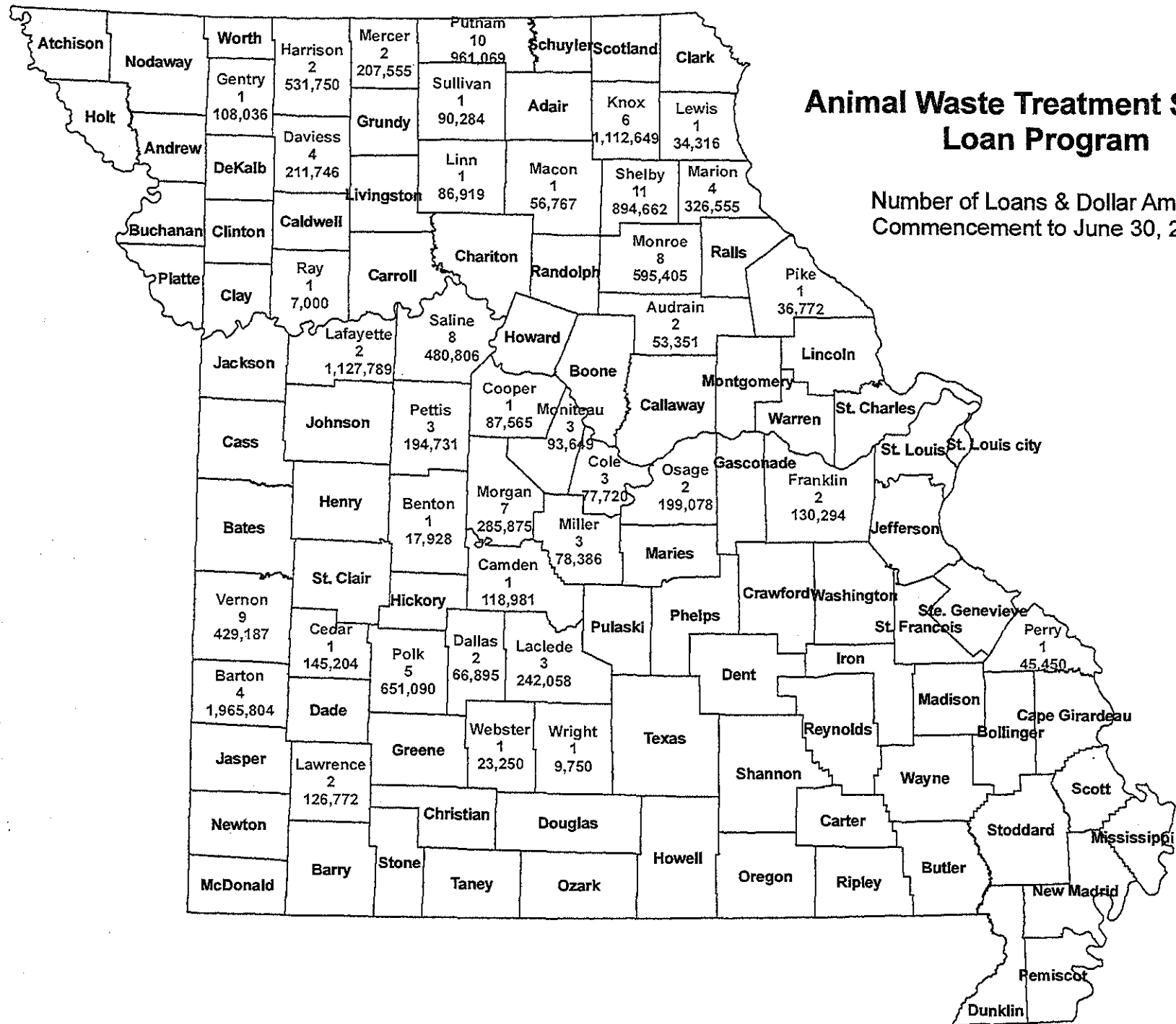
## Beginning Farmer Loan Program

Number of Loans & Dollar Amount  
Commencement to June 30, 2009

# ANIMAL WASTE TREATMENT SYSTEM LOAN PROGRAM

July 1, 2008 - June 30, 2009

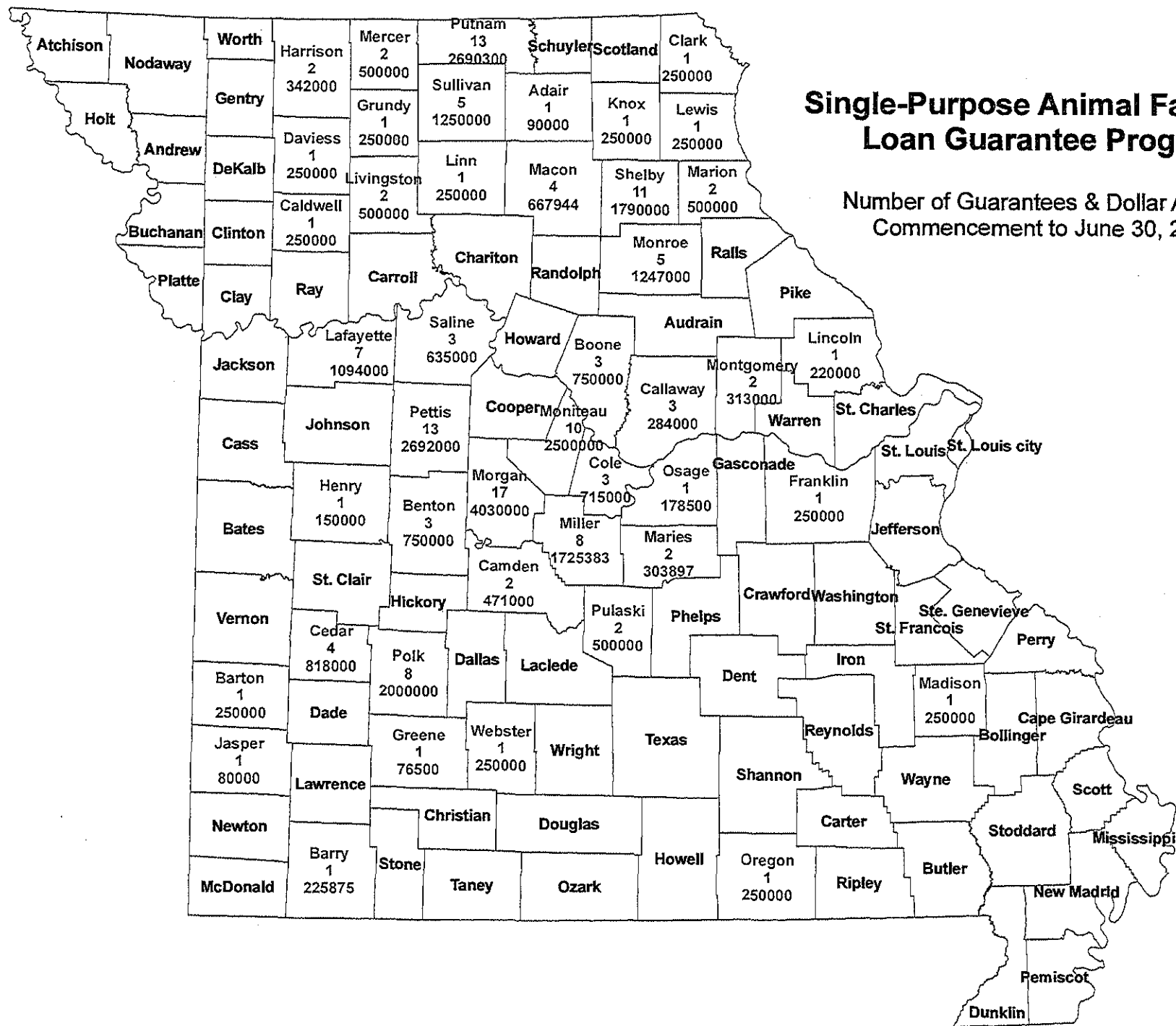
Loan Number	Loan Amount	Origination Date	Maturity Date	County
133	\$1,106,239.47	6/23/2009	6/23/2019	Lafayette
135	\$265,161.34	7/25/2008	7/25/2018	Harrison
136	\$266,588.70	7/25/2008	7/25/2018	Harrison
139	\$133,815.26	6/11/2009	6/11/2019	Saline
140	\$185,782.85	7/18/2008	7/18/2018	Putnam
142	\$12,850.00	12/4/2008	12/4/2014	Saline
144	\$19,217.50	6/25/2009	6/25/2019	Marion
<b>Total:</b>	\$1,989,655.12			



# **SINGLE-PURPOSE ANIMAL FACILITIES LOAN GUARANTEE PROGRAM**

**July 1, 2008 - June 30, 2009**

<b>Guarantee Number</b>	<b>Total Project Cost</b>	<b>Eligible Loan Amount</b>	<b>Guarantee Amount</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>County</b>
179	\$562,850.00	\$250,000.00	\$125,000.00	July 18	2008	7/18/2018 Putnam
<b>Total:</b>	\$562,850.00	\$250,000.00	\$125,000.00			



## Single-Purpose Animal Facilities Loan Guarantee Program

Number of Guarantees & Dollar Amount  
Commencement to June 30, 2009

# Missouri Value-Added Grant Program

July 1, 2008 - June 30, 2009

Project Number	Grant Amount	Date Grant Awarded	County of Project
09 - 346	\$150,400.00	12/9/2008	Lawrence
09 - 348	\$18,000.00	12/10/2008	Scott
09 - 351	\$60,500.00	11/21/2008	Ray
09 - 352	\$31,900.00	11/26/2008	Gasconade
09 - 353	\$180,400.00	12/5/2008	Boone
09 - 355	\$198,000.00	12/5/2008	Randolph
09 - 357	\$119,900.00	11/25/2008	St. Francois
09 - 358	\$119,484.00	12/15/2008	Barton
09 - 360	\$18,480.00	11/21/2008	Phelps
09 - 361	\$33,979.00	11/24/2008	Pettis
09 - 362	\$80,850.00	11/25/2008	Johnson
09 - 363	\$42,020.00	3/24/2009	DeKalb
09 - 364	\$2,915.00	3/24/2009	DeKalb
09 - 365	\$43,269.00	3/24/2009	DeKalb
09 - 367	\$196,500.00	3/10/2009	Lewis
09 - 373	\$53,350.00	3/25/2009	Johnson
09 - 374	\$30,580.00	3/24/2009	Johnson
09 - 375	\$199,375.00	3/23/2009	Boone
09 - 377	\$24,750.00	3/24/2009	Boone
09 - 378	\$35,145.00	3/13/2009	Cole
09 - 381	\$199,599.00	3/23/2009	St. Louis Cou
09 - 382	\$199,980.00	3/24/2009	Cole
Total:	\$2,039,376.00		

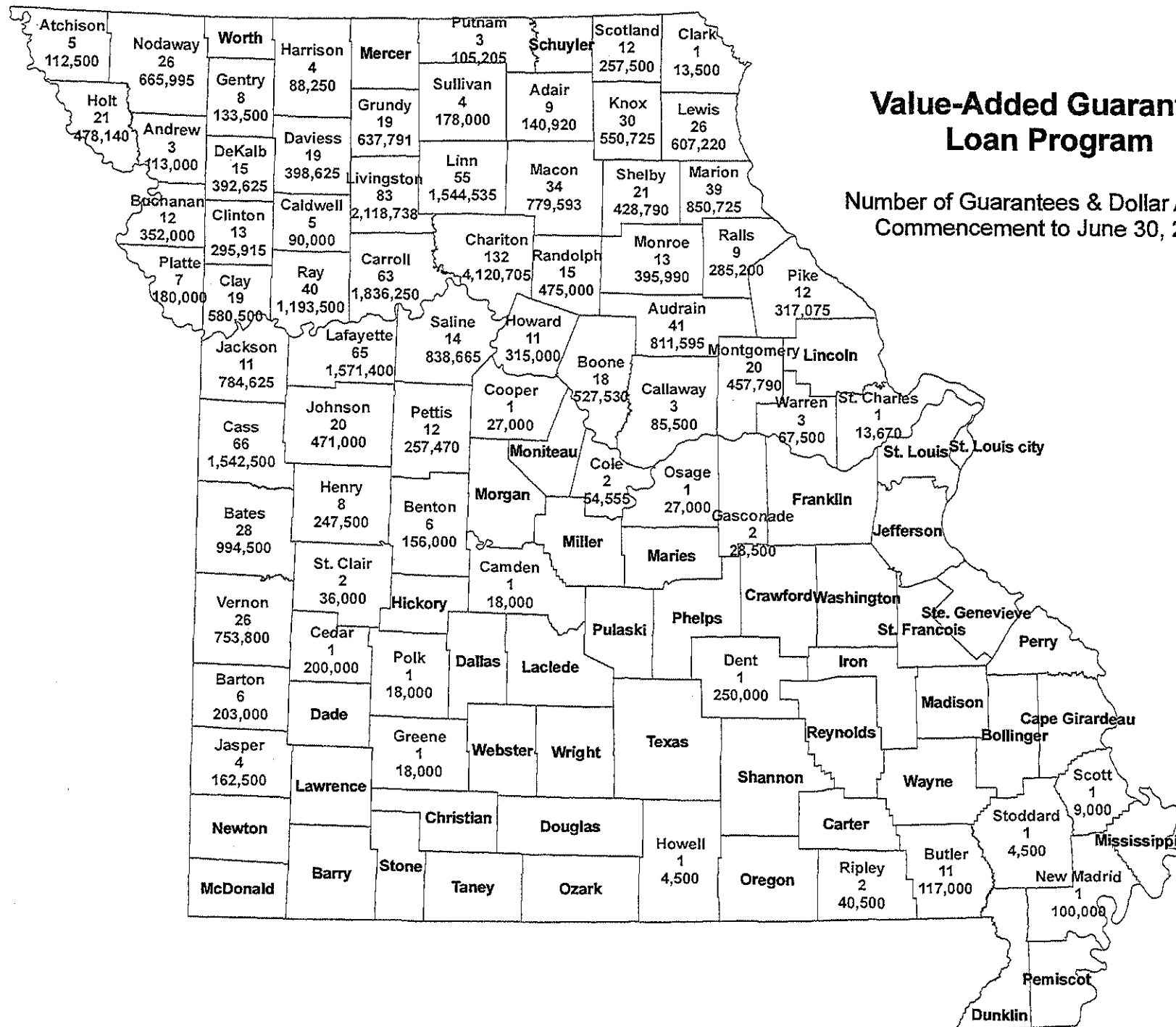


# MISSOURI VALUE-ADDED LOAN GUARANTEE PROGRAM

July 1, 2008 - June 30, 2009

Guarantee Number	Project Cost	Loan Amount	Guarantee Amount	Issue Date		Maturity Date	County
1502	\$35,000.00	\$31,500.00	\$15,750.00	January 29	2009	1/29/2016	Bates
1503	\$60,000.00	\$54,000.00	\$27,000.00	January 29	2009	1/29/2016	Bates
1504	\$12,000.00	\$10,800.00	\$5,400.00	January 29	2009	1/29/2016	Vernon
1507	\$15,000.00	\$10,887.85	\$5,443.93	December 2	2008	12/1/2012	Macon
<b>Totals</b>	\$122,000.00	\$107,187.85	\$53,593.93				





## Value-Added Guarantee Loan Program

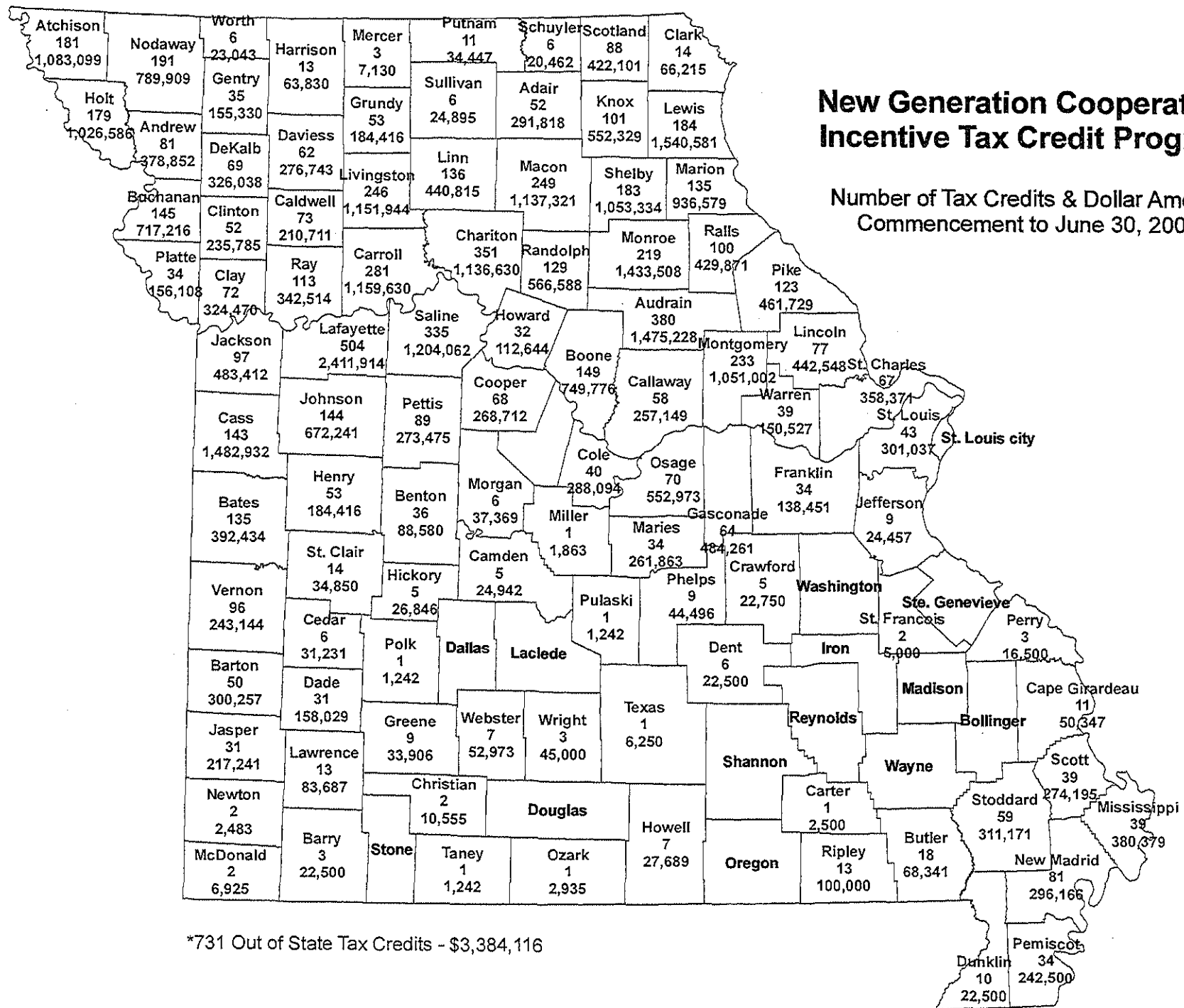
Number of Guarantees & Dollar Amount  
Commencement to June 30, 2009

# New Generation Cooperative Incentive Tax Credit Program

July 1, 2008 - June 30, 2009

Number of Tax Credit(s)	Total Tax Credit(s) Amount	County
12	\$58,315.56	ADAIR
7	\$66,208.49	ANDREW
1	\$3,100.91	ATCHISON
9	\$46,513.71	AUDRAIN
2	\$6,109.97	BARTON
4	\$33,329.91	BATES
2	\$7,637.46	BENTON
21	\$121,432.52	BOONE
9	\$60,859.44	BUCHANAN
13	\$54,714.78	CALDWELL
4	\$36,568.62	CALLAWAY
1	\$3,100.91	CAMDEN
2	\$30,000.00	CAPE GIRARDEAU
41	\$185,468.19	CARROLL
25	\$199,490.67	CASS
18	\$113,126.98	CHARITON
13	\$81,314.74	CLAY
1	\$7,453.31	CLINTON
5	\$52,235.46	COLE
1	\$3,100.91	COOPER
24	\$174,713.82	DAVIESS
8	\$54,751.00	DEKALB
1	\$3,100.91	GASCONADE
1	\$6,201.83	GENTRY
18	\$88,594.57	HENRY
34	\$208,692.74	HOLT
10	\$35,143.66	HOWARD
34	\$184,011.32	JACKSON
2	\$8,269.10	JEFFERSON
66	\$359,724.56	JOHNSON
16	\$108,013.71	KNOX
106	\$803,095.43	LAFAYETTE
6	\$90,000.00	LEWIS
4	\$39,302.74	LINCOLN
15	\$59,675.72	LINN
14	\$80,526.47	LIVINGSTON
66	\$332,455.07	MACON
18	\$199,110.05	MARION
19	\$285,000.00	MISSISSIPPI
1	\$1,527.49	MONITEAU
28	\$213,568.70	MONROE

Number of Tax Credit(s)	Total Tax Credit(s) Amount	County
3	\$12,403.65	MONTGOMERY
1	\$15,000.00	MORGAN
1	\$15,000.00	NEW MADRID
4	\$24,807.32	NODAWAY
1	\$15,000.00	OSAGE
5	\$24,164.94	PETTIS
2	\$3,054.98	PHELPS
1	\$3,100.91	PIKE
5	\$38,123.67	PLATTE
2	\$10,600.91	RALLS
38	\$174,030.18	RANDOLPH
9	\$47,566.14	RAY
38	\$277,419.18	SALINE
1	\$7,500.00	SCHUYLER
1	\$15,000.00	SCOTT
93	\$640,857.53	SHELBY
1	\$1,527.49	ST. CHARLES
1	\$3,818.73	ST. CLAIR
5	\$17,032.05	ST. LOUIS
1	\$15,000.00	STODDARD
1	\$6,109.97	WEBSTER
23	\$127,315.94	OUT-OF-STATE
<b>Total Tax Credits Issued:</b>	<b>\$6,000,000.00</b>	



\*731 Out of State Tax Credits - \$3,384,116

**AGRICULTURAL PRODUCT UTILIZATION  
CONTRIBUTOR TAX CREDIT PROGRAM**

**July 1, 2008 - June 30, 2009**

<b>Tax Credit Number</b>	<b>Amount of Contribution</b>	<b>Amount of Issued Tax Credit</b>	<b>County</b>
<hr/>			
<hr/>			
<b>Totals:</b>			
<hr/>			



## MISSOURI RURAL ECONOMIC STIMULUS ACT “MōRESA”

**July 1, 2008 – June 30, 2009**

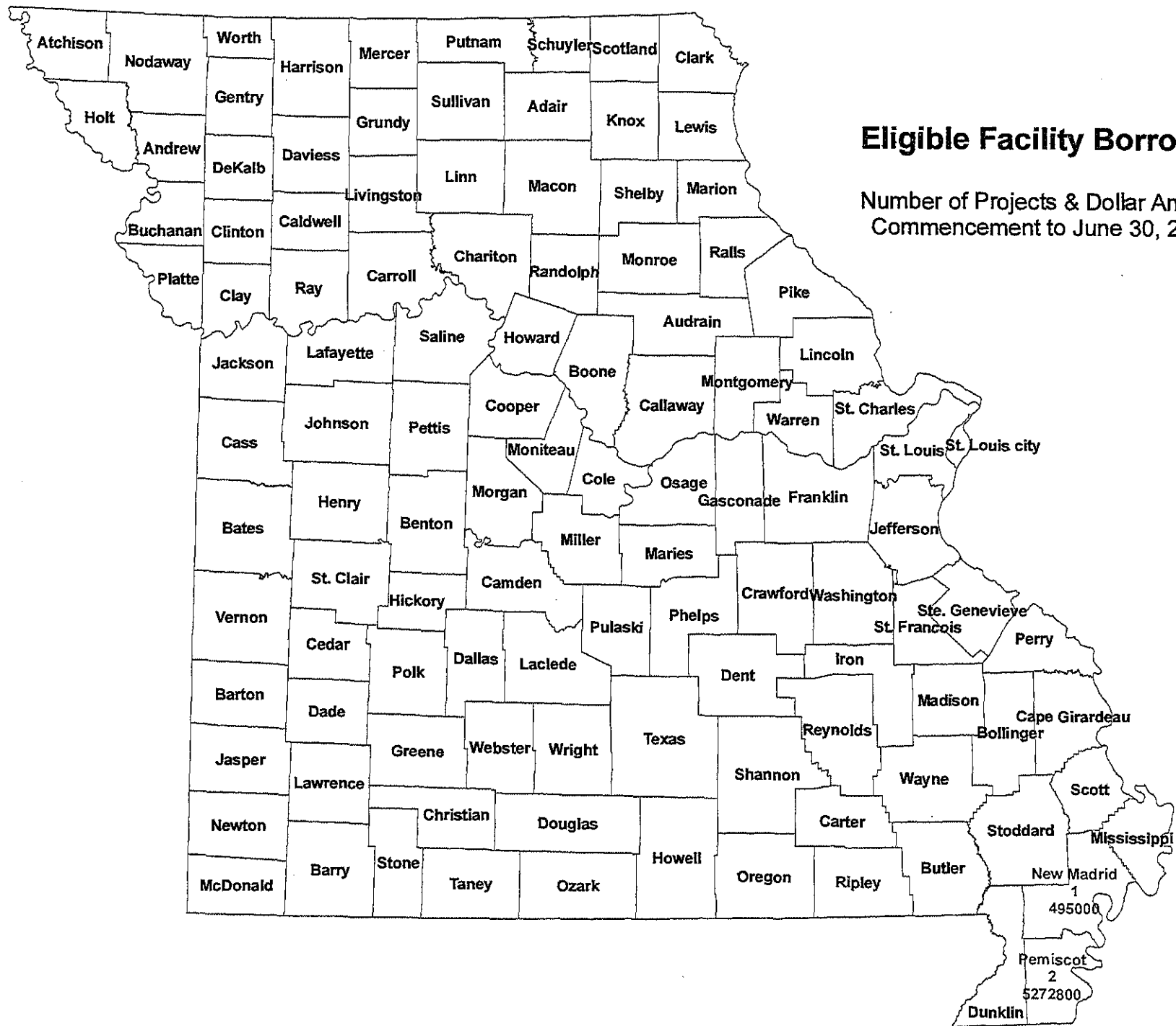
<b>Project Number</b>	<b>Supplement Amount</b>	<b>County</b>
<b>Total:</b>		

## ELIGIBLE FACILITY BORROWER PROGRAM

**July 1, 2008 – June 30, 2009**

<b>Project Number</b>	<b>Loan Amount</b>	<b>County</b>
<b>Total:</b>		





## Eligible Facility Borrower

Number of Projects & Dollar Amount  
Commencement to June 30, 2009

495000

1

Pemiscot

2

5272800

## Family Farm Breeding Livestock

07/01/2008 To 06/30/2009

Number of Tax Credit(s)	Total Tax Credit(s) Amount	County
1	\$1,903.50	CAPE GIRARDEAU
1	\$3,467.20	COLE
1	\$2,810.05	COOPER
2	\$4,624.56	DEKALB
2	\$3,147.92	FRANKLIN
2	\$3,136.50	GASCONADE
1	\$4,621.00	GRUNDY
6	\$20,273.79	HARRISON
1	\$5,091.71	JOHNSON
1	\$999.00	KNOX
1	\$6,450.00	MACON
3	\$5,210.00	MARIES
8	\$13,756.18	MILLER
2	\$2,699.93	MONITEAU
3	\$5,772.23	NODAWAY
13	\$26,443.23	OSAGE
1	\$1,039.31	SCHUYLER
13	\$23,834.92	SHELBY
Total Tax Credits Issued	<u>\$135,281.03</u>	



# QUALIFIED BEEF TAX CREDIT PROGRAM

July 1, 2008 – June 30, 2009

<b>Tax Credit Number</b>	<b>Amount of Contribution</b>	<b>Amount of Issued Tax Credit</b>	<b>County</b>
<hr/>			
<hr/>			
<b>Total:</b>			
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